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United Kingdom

Wine Marketing Annual

1999

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Report Highlights:

The UK is the world's biggest importer of wine. It is also the key export market for U.S. wine, having achieved rapid growth in the four years 1995-1998. UK imports of U.S. still wine increased by 44 percent from 340,000 HL in 1997 to 490,000 HL in 1998. However, the forecast for 1999 shows UK imports of U.S. still wine steadying as competition from other "New World" exporters increases.

For several years now "New World" wines from Australia, the U.S., Chile, South Africa, Argentina and New Zealand have been gaining UK market share at the expense of the "Old World" wines from France, Germany, Italy, Spain etc. To date, U.S. wines have had most success in the UK multiple specialist sector. However, there remains room for extensive growth with the multiple supermarket chains and the restaurant sector. Trade sources report that in 1999 red wine outsold white wine for the first time in the UK.

Includes PSD changes: No
Includes Trade Matrix: Yes
Annual Report

London [UK1], UK

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General Summary

UK imports of U.S. still wine increased by 44 percent from 340,000 HL in 1997 to 490,000 HL in 1998. The forecast for 1999 shows UK imports of U.S. still wine steadying at around 480,000 HL as competition from competing "New World" exporters, particularly Australia and Chile, intensifies. Total third country imports increased by 11.6 percent in 1998 and are forecast to increase a further 16.1 percent in 1999 to reach 568,500 HL.

Following a French resurgence and contrary to recent trends, imports of still wine from the EU increased by around 1.2 percent to 5,620,000 HL in 1998. Although UK imports of still wine from France remain buoyant in 1999, ongoing declines in imports from the traditional markets of Italy, Spain and Germany means that total imports of still wine from the EU are forecast to fall 10.5 percent in 1999 to 5,035,000 HL.

As has been the trend in recent years, the UK market for sparkling wine showed little growth in 1998. It grew just 3.5 percent from 405,000HL in 1997 to 419,000HL in 1998. The import forecast for 1999 shows a further 3.1 percent growth in import volume. More interestingly, in value terms imports of sparkling wine are forecast to rise nearly 40 percent in 1999, a reflection of "Millennium" purchases.

The market for vermouth and other flavored or aromatized wines is in decline, as is illustrated by the fact that total imports for 1996 were 401,000 HL and are forecast to fall to 236,000 HL in 1999. The U.S. does not tally in the UK import figures as a major source for vermouth and other flavored or aromatized wines.

Production

Wine production is difficult in the UK on account of the climate. Historically, it has been a cottage industry for wine enthusiasts and gentleman farmers. Today, there are around 400 vineyards in England and Wales covering about 850 hectares. In 1998, production was recorded at just 11,358 hectoliters. Whilst production is predominately white wine, sparkling, dessert and red wines are now also being produced.

The UK also produces a small quantity of “made wine”, which is made from imported concentrated grape must, mainly from Cyprus.

The lack of any significant production volume in the UK means that it does not affect market figures. UK production figures are therefore not represented in the following analyses.

Consumption

As UK production is minimal, consumption figures are equated to imports less exports.

UK Market Size

	1997		1998		Projected 1999	
	HL '000	BPS '000	HL '000	BPS '000	HL '000	BPS '000
Still Wine	7,633	1,233,214	8,082	1,388,429	8,093	1,444,400
Sparkling Wine	372	214,142	398	219,677	417	306,200
Vermouth	285	22,333	296	26,528	228	17,955
TOTAL WINE	8,290	1,469,689	8,776	1,634,634	8,738	1,768,555

Source: Imports less exports as taken from the UK Overseas Trade Statistics.

Wine consumption continues to grow, mainly at the expense of beer and spirits. It is also worth noting that this is against a background of total alcoholic beverage consumption falling in the UK.

UK Per Capita Consumption of Alcoholic Beverages

Year	Beer (L)	Cider/Perry (L)	Made Wine (L)	Wine of Fresh Grapes (L)	Spirits (LPA)
1987	138.6	6.99	1.22	13.59	2.12
1990	139.8	7.86	1.51	14.23	2.10
1992	130.3	9.40	1.86	14.53	1.84
1995	125.2	11.80	3.00	15.28	1.67
1997	128.3	11.58	3.43	17.54	1.77
1998	123.0	11.61	3.45	18.23	1.66

L = Liters; LPA = Liters of Pure Alcohol
- Based on population aged 15 years and over
- Made wine is produced from imported grape must which is blended and bottled in the UK

Source: The Drink Pocket Book, 2000

Relative UK Market Share by Wine Type

Market Shares, percent				
Wine Type	1995	1996	1997	1998
Wines of Fresh Grape	**83.6**	**77.0**	**83.6**	**84.1**
Still Light Wine <15% ABV	67.7	63.4	71.2	71.9
Sparkling Wines:	8.4	7.1	6.6	6.6
- Champagne	1.5	1.4	1.6	1.8
- Other Sparkling	2.1	2.2	2.3	2.2
- Semi-sparkling	4.7	3.5	2.8	2.6
Fortified Wines	4.3	3.8	3.4	3.3
Vermouth/Aromatized	3.1	2.8	2.4	2.2
Made Wine	**16.4**	**23.0**	**16.4**	**15.9**
Still Light Wine <15% ABV	5.8	4.9	4.6	3.7
Reduced Alcohol >1.2% <5.5% ABV	10.5	17.8	11.5	12.0
Sparkling Wine	-	-	-	-
Fortified Wine	0.2	0.2	0.2	0.2
TOTAL MARKET	**100.0**	**100.0**	**100.0**	**100.0**

Source: HM Customs & Excise; WSA/ACNielsen; The Drinks Pocket Book, 2000

The tables below shows consumption according to age, gender and social group. Heavy users of table wine are of the 35-49 years of age category and classified within the AB socio-economic group.

Percentage of People Drinking Wine Weekly by Age Group 1998

Age Group	%
18-24	24
25-34	31
35-49	35
50+	28

Percentage of People Drinking Wine Weekly by Social Grade 1998

Group	%
AB	50
C1	36
C2	24
DE	15

Social Grade Definitions:

AB	Upper Middle/Middle Class i.e. higher/intermediate managerial professional
C1	Lower Middle Class i.e. junior managerial professional
C2	Skilled Working Class i.e. skilled manual worker
DE	Working Class i.e. unskilled manual worker

Profile of Wine Drinkers: by Wine Color 1998

Wine Color		White %	Red %	Rose %
SEX	Men	35	53	32
	Women	65	47	68
AGE GROUP	18-24	8	6	7
	25-34	21	19	21
	35-49	31	35	29
	50+	41	41	44
SOCIAL GRADE	AB	33	42	38
	C1	34	34	31
	C2	19	14	15
	DE	15	10	16

Base = 7 Day Drinkers
Source: The Drink Pocket Book, 2000

White wines have historically been the most popular in the UK, particularly with women. As white wine is generally lighter and cheaper, it is “entry level” wine favored by new consumers entering the market, while red wine tends to be more of an acquired taste and associated with an older age group. However, the maturity of the UK market and its increasingly discerning consumer has led to trade sources recently reporting that red wine is now outselling white. The success of red wine in recent months can largely be attributed to favorable media reports on the fact that moderate daily red wine consumption can benefit a healthy diet and lifestyle and reduce the chances of having a heart attack.

Wine is consumed either in on-license premises i.e. pubs, clubs, restaurants and hotels or is bought from an off-license and consumed at home.

The Top 5 Wine Brands, 1998 for Still Light Wines

	Off-License	On-License
1	Gallo	Stowells Wine Box
2	Hardy's	J. Gautier Vin de Pays
3	Jacob's Creek	Mateus Rose
4	Stowells Wine Box	Gallo
5	Le Piat D'or	Fleur de Lys
Combined Market Share:	8.1%	11.9%

Top 20 Still Light Wines in Off-Licences (Great Britain): Ranking By Type

Rank	Wine Type	Market Share	Rank	Wine Type	Market Share
1	Australian White	6.6	11	Soave White	2.1
2	Vin de Pays Red	6.4	12	South African Red	2.1
3	Liebfraumilch	5.5	13	Vino da Tavola Red	2.0
4	Australia Red	4.3	14	Vallee du Rhone Red	2.0
5	Vin de Pays White	4.1	15	Vin de Table Red	2.0
6	Tafelwein Hock	3.8	16	Vino de Tavola White	1.9
7	South African White	3.7	17	U.S. Red	1.9
8	Bulgaria Red	3.5	18	Rioja Red	1.8
9	Chile Red	2.9	19	U.S. White	1.8
10	Bordeaux Red	2.6	20	Chile White	1.8

Figures are for year to November/December 1998/Ranking is by volume
Source: ACNielsen; The Drinks Pocket Book, 2000

International Trade

Only six years ago, French, German and Italian still wines together accounted for around two-thirds of UK wine consumption by both volume and value. This figure has now dropped below half and is still falling. "New World" producers now hold over a third of the UK market. Australia is the main "New World" source of UK imports , with a forecast 1999 share of around 14 percent (1,160,000 HL). UK imports of U.S. still wine have showed strong growth in recent years. Of particular note was the 1998 increase of 44 percent in import volume to 490,000 HL. The Market Access Program and U.S. exporter assistance have been instrumental in encouraging this growth. That said, the import volume from the U.S. is forecast to steady in 1999 following increased competition from other "New World" wines, the U.S. market share holding its own with a 6 percent market share. Of additional interest is that many of the wines from the "New World" countries of Australia, New Zealand and the U.S. are commanding higher average prices in the UK than wines from the traditional markets of France, Italy and Spain. This is an important factor given that all producers are trying to get into the fastest-growing and most profitable niche of "premium wines".

In keeping with recent trends, the UK market for sparkling wine showed little growth in 1998. It grew just 3.5 percent from 405,000HL in 1997 to 419,000HL in 1998. The UK import figures from the U.S. for 1998 also showed little growth. Indeed, a slight downturn in imports from the U.S. is forecast in 1999. While the total import volume for sparkling wine is forecast little changed in 1999, the total value is forecast to rise nearly 40 percent, a reflection of "Millennium" purchases.

The market for vermouth and other flavored or aromatized wines is in long-term decline, as is illustrated by the fact that total imports for 1996 were 401,000 HL and are forecast to fall to just 236,000 HL in 1999. The U.S. does not tally in the UK import figures as a major source for vermouth and other flavored or aromatized wines.

Despite the duty placed on wine from third countries, a retail price can still be attained that is competitive with wine from the EU. To ensure ease in entering the UK market, it is important that the regulatory requirements are adhered to. Market access may otherwise be denied or shipments held in storage until the requirements have been satisfied.

UK Imports

	1997		1998		Projected 1999	
Still Wine	HL' 000	BPS '000	HL '000	BPS '000	HL '000	BPS '000
From EU:						
France	2,817	466,774	2,603	519,869	2,375	526,000
Germany	789	106,120	819	106,412	760	96,000
Italy	938	166,778	1,092	179,129	920	139,000
Portugal	177	58,530	163	53,571	160	55,000
Spain	779	130,835	868	146,250	810	134,000
Other	52	13,385	74	13,250	40	11,500
Total EU	5,552	942,422	5,620	1,018,481	5,035	961,500
From Third Countries:						
Hungary	100	11,597	112	12,521	120	13,500
Bulgaria	272	21,606	212	17,601	220	19,500
USA	340	68,934	490	93,958	480	91,000
Chile	305	46,714	356	57,738	460	78,500
Argentina	77	9,880	92	13,037	120	19,000
S. Africa	369	47,161	410	54,811	450	60,000
Australia	763	150,220	891	172,938	1,160	229,000
New Zealand	69	20,439	80	21,962	90	26,000
Other	90	29,098	127	21,517	120	32,000
Total Third Countries	2,483	430,672	2,772	466,084	3,220	568,500
Total Still Wine	7,986	1,351,488	8,392	1,484,565	8,255	1,530,000

UK Imports Continued

	1997		1998		Projected 1999	
Sparkling Wine	HL ‘000	BPS ‘000	HL ‘000	BPS ‘ 000	HL ‘000	BPS ‘000
From EU:						
France	196	167,769	219	176,013	225	250,000
Italy	56	15,148	63	13,788	70	18,750
Spain	71	15,646	70	16,250	50	13,000
Other	21	5,377	14	5,852	15	16,250
Total EU	344	203,940	365	211,903	360	298,000
From Third Countries:						
USA	12	5,683	11	5,796	10	4,950
Australia	34	8,059	28	7,053	50	12,300
New Zealand	10	3,305	12	3,924	10	3,050
Other	5	1,713	3	1,356	2	2,300
Total Third Countries	61	18,760	54	18,130	72	22,600
Total Sparkling Wine	405	222,700	419	230,033	432	320,600

UK Imports Continued

Vermouth & Other Wines Flavored With Plants or Aromatic Substances

	1996		1997		Projected 1998	
Vermouth etc.	HL '000	BPS '000	HL '000	BPS ' 000	HL '000	BPS '000
From EU:						
France	57	5,785	48	6,422	75	4,900
Netherlands	21	1,783	23	1,943	19	3,850
Italy	165	16,270	167	15,491	132	10,300
Spain	37	1,876	53	2,487	4	600
Other	3	932	14	1,945	6	500
Total EU	309	30,324	306	28,288	236	20,150
From Third Countries:						
USA	-	-	-	-	-	-
Other	0.2	32	0.1	16	0	5
Total Third Countries	0.2	32	0.1	16	0	5
Total Vermouth Etc.	296	28,517	306	28,304	236	20,155

UK Exports

	1997		1998		Projected 1999	
Still Wine	HL ‘000	BPS ‘000	HL ‘000	BPS ‘ 000	HL ‘000	BPS ‘000
To EU:	305	50,805	271	42,896	107	23,100
To Third Countries:						
USA	9	15,342	7	24,825	21	31,700
Japan	2	5,095	3	7,687	2	8,300
Hong Kong	5	16,770	4	6,126	4	6,500
Other	32	30,263	26	14,602	28	17,000
Total Third Countries	48	67,469	39	53,239	55	62,500
Total Still Wine	353	118,274	310	96,136	162	85,600

Sparkling Wine

To EU:	23	5,879	14	4,907	9	3,400
To Third Countries:						
USA	2	2,191	2	3,301	3	8,000
Other	3	2,088	4	2,149	3	3,000
Total Third Countries	5	4,279	7	5,449	6	11,000
Total Sparkling Wine	33	8,558	21	16,356	15	14,400

UK Exports continued

Vermouth Etc,

To EU:	7	5,588	6	1,244	6	1,200
To Third Countries:	4	596	4	532	2	1,000
Total Vermouth Etc.	11	6,184	10	1,776	8	2,200

Source: Overseas Trade Statistics of the United Kingdom
Import Values are based on CIF, landed UK port
Export Values are based on FOB

Projected figures are based on half-yearly estimates from the UK Overseas Trade Statistics.

Exchange Rates:

December 1997 - BPS 1 = USD 1.62
December 1998 - BPS 1 = USD 1.65
December 1999 - BPS 1 = USD 1.61

Opportunities for U.S. Wines

The UK wine consumer is becoming increasingly discerning and expects quality at a very reasonable price. It is in the lower price range that the U.S. has difficulty in competing. In order to move volume of product through the UK mainstream multiple supermarkets and specialists, the U.S. would need to supply a good quality wine within the BPS 3.49 - 4.99 price range.

UK Consumers are becoming increasingly knowledgeable about grape varieties. Consumers who have bought the well established grape varieties of, for example, Cabernet, Sauvignon and Merlot are looking for new tastes, and are prepared to try new varieties and different "parcels" of varieties. Zinfandel is still relatively unknown to the UK mass market and could present an opportunity for promotion.

Competition

Traditionally, the UK has favored the wines of its European neighbors, but in the last decade this has been eroded by a surge of good quality styles from the rest of the world.

While all the excitement has been created by the "New World" newcomers, the market continues to be dominated by French wines. Still French wine has a substantial share of the UK import market - 31 percent in 1998. France spends millions of dollars on above and below the line advertising, including television advertising. France promotions feature a strong regional bias, such as Alsace, Loire and Rhone. Trade sources attribute the French resurgence shown in the UK import volume figures in 1997 and 1998 to the promotion of relatively inexpensive Vin de Pays.

Italy is the second largest supplier of still wine to the UK market. Italy had 13 percent of the UK market in 1998, while Germany and Spain both had around 10 percent.

Third country imports are rising steadily. With 10.6 percent of the market in 1998, Australia is the third largest supplier of still wine to the UK at 891,000 HL (Germany and Spain supplied 819,000 HL and 868,000 HL, respectively). The Australian Wine Guild, which is largely funded by industry, is very active in the UK.

The greatest competition to U.S. wines currently comes from Chile as it is becoming renowned for quality wine at a reasonable cost. Indeed, imports rose almost 17 percent to 356,000 HL in 1998 and are forecast to rise a further 29 percent to 460,000 HL in 1999. This is just 20,000 HL below the import forecast from the U.S. Chile continues to carry out in-store promotions with UK multiples. Promotions usually feature wines on offer at BPS 2.99/3.49 which were normally BPS 3.99. Their wines are now also selling at BPS 4.49 which means that they are moving into the U.S. price bracket. As Chile have illustrated, in-store promotions currently offer the best increase in volume sales per promotional pound/dollar.

Chile and South Africa have a competitive advantage over the U.S. in that their land and labor is relatively cheap. South Africa, which has increased its share of the market from only 1 percent of the market in 1992 to 5 percent in 1996, continues to show steady growth of around 40,000 HL per year. UK still wine imports from South Africa are forecast at 450,000 HL. That said, trade sources suspect that the "honeymoon period" (after the change of political climate in South Africa) could be coming to an end and this growth may slow. South Africa is promoted using both government and winery money.

One feature of U.S. wines, which can be a constraint in the UK market, is that they are designed for the U.S. domestic market. Countries such as Australia, Chile, South Africa and Argentina now tailor their wines to fit modern British tastes - their wine representatives act as very efficient bridges between their producers and the UK trade so that they specifically produce wines for the UK. This means that they are flexible enough to target the sugar level, grape variety, label and even give it a brand name that meets the UK buyer's approval.

Argentina has recently set up an office in the UK with one full time public relations person. Argentina are thought to be a new force to be reckoned with in the market. They appear capable of supplying good quality wines at the major price points of BPS 3.29, 3.49 and 3.99. UK imports of still wine from Argentina shot up 64 percent in 1997 over 1996 figures, to reach 77,000 HL. This has risen to 92,000 HL in 1998 and is forecast to reach 120,000 HL in 1999.

Distribution

At retail level, wine is sold either through “on-license” or “off-license” premises. In order for an outlet to sell alcohol it is necessary for the retailer to obtain a retailer license, of which there are two types - retail “ON” and retail “OFF”. An On-License authorizes an outlet to sell alcoholic beverages for consumption on the premises, whereas an Off-License authorizes an outlet to sell alcoholic beverages for consumption away from the premises.

Over 70% of wine is sold through the off-license trade. Off-license outlets include specialized wine/alcoholic beverage stores and general grocery stores, including the major multiples. As is illustrated in the table below, the distribution of off-license sales can be divided up roughly into one quarter specialist wine/alcoholic beverage shops and three quarters grocery chains i.e. supermarket outlets. On the whole, the supermarkets are price-driven - seeking to reach the all-important price points of BPS 3.49, 3.99 etc. while the specialist wine chains seek points of difference across a wider price range.

Large volume orders for UK multiple supermarkets and multiple specialists are placed with UK agents and distributors, who in turn order from the required country source on the multiple’s behalf. It is not usual for the UK agent to hold the goods upon entry to the UK, but, rather ensure that they reach the designated distribution depot of the multiple. There are around 100 UK agencies, of various sizes, known to the Office of Agricultural Affairs, American Embassy, London.

Larger wineries may have their own UK office, which again does not hold stock, but rather fills orders for the UK multiples. This gives the wine company increased control so as to ensure a quality and consistent service to the multiple.

Still Light Wines in Off-Licences by Outlet, 1998

OUTLET	BPS ‘000	%
Grocers	1,699.6	75.5
Co-ops	104.1	4.6
Multiples	1,450.6	64.5
Independents	145.0	6.4
Specialists	550.7	24.4
Multiples	440.5	19.6
Independents	110.3	4.9
TOTAL	**2,250.3**	**100.0**

The on-licence trade is serviced through UK wholesalers, who may source product from UK agents or from wine producers themselves. Some of the larger restaurant chains source directly from the producer.

Still Light Wines in Great Britain On-Licenses by Outlet, 1998

OUTLET	'000 BOTTLES	'000 HL	%
Multiples	30,906	246	22.9
Independents	90,307	826	77.1
Pubs	20,380	159	14.8
Clubs	15,140	132	12.3
Restricted	31,055	326	30.4
Hotels	15,258	140	13.0
Other Bars	8,473	70	6.5
TOTAL	**121,214**	**1,072**	**100.0**

Note: Restricted means "Member Only" establishments

Source: AC Nielsen/The Drinks Pocket Book, 2000

Market Access

Wines consigned to the European Union from third countries must be accompanied by a document known as a VI FORM which confirms the size and nature of the wine consignment. The provisions dealing with VI documentation may be found in Commission Regulation (EC) 3590/85 (OJ L343) as amended. For subsequent travel through or within EU countries a Commercial Document or a Commercial Accompanying Document is also required.

In addition to a transit document, a T-form will be issued when the wine enters the European Union and this will establish entitlement to EU rates of duty.

Tariff duties are applicable to all third country wine imports. The tariff rate applicable is dependant on the strength band of the wine (i.e. not exceeding 13% volume, exceeding 13% but not exceeding 15% volume, etc.), the size of the container, and the type of wine (i.e. wine of fresh grapes or wine flavored with aromatic extracts). It should be noted that sparkling wine (i.e. a wine having 1.5 bar or more over pressure inside the container or any wine packaged in a bottle fitted with a "mushroom" stopper held in place with metal ties or fastenings is taxed more heavily than still wine.

Tariff quotas, which offer a reduced rate of duty, exist for a range of specific wine varieties from the following countries - Algeria, Bulgaria, Cyprus, Czech Republic, Hungary, Israel, Morocco, Romania, Tunisia and the Former Yugoslavia States.

A CAP Import License is required if a consignment of wine exceeds 3,000 liters. This license can be obtained by the UK importer from:

Intervention Board for Agricultural Produce (IBAP)
Lancaster House
Hampshire Court
Newcastle upon Tyne
NE4 7YE
Tel: (+44) 191 226 5080/5207
Fax: (+44) 191 226 5212

Market access may be denied by Customs & Excise if documentation forms are incomplete. If the labeling is incorrect then the wine will be allowed into bond but will not be released until the labels have been corrected. In either case storage charges are large so it is vital that the correct documentation/labels are provided.

Regulatory Requirements

For the labeling of still wines and grape must (including restrictions on the use of the word “wine”) the following EEC Regulations apply:

a) 2392/89 (OJ No. L232) - as amended by 3886/89 (OJ No. L378), 2356/91 (OJ No. L216), 3897/91 (OJ No. L368) and by the Act of Accession of the Kingdom of Sweden, the Republic of Austria and the Republic of Finland (OJ No. C241) and 1427/96 (OJ No. L184 including corrigendum OJ No. L233).

b) 3201/90 (OJ No. L309) - as amended by corrigendum (OJ No. L28, 2 February 1991) 2384/91 (OJ No. L219), 3298/91 (OJ No. L312), 153/92 (OJ No. L17), 3650/92 (OJ No. L369), 1847/93 (OJ No. L164) (OJ No. L168), 1362/94 (OJ No. L150 including corrigendum OJ No. L268), and 2603/95 (OJ No. L267), 692/96 (OJ No. L97), 1056/96 (OJ No. L140), 609/97 (OJ No. L93) and 1472/97 (OJ No. L200) and 2543/97 (OJ No. L347) apply and should be consulted.

For the labeling of sparkling wines and aerated sparkling wines the following EEC regulations apply:

a) 2333/92 (OJ No. L231) as amended by the Act of Accession of the Kingdom of Sweden, the Republic of Austria and Republic of Finland (OJ No. C241) and 1429/96 (OJ No. L184) and 1419/97 (OJ No. L196)

b) 554/95 (OJ No. L56) as amended by 1915/96 (OJ No. L252) apply and should be consulted.

For the labeling of liqueur wines, semi-sparkling wines and aerated semi-sparkling wines the following EEC regulations apply:

a) 3895/91 (OJ No. L368)

b) 3901/91 (OJ No. L368)

For the labeling of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails the following EEC Regulations apply:

a) 1601/91 (OJ No. L149) as amended by 3279/92 (OJ No. L327) and by the Act of Accession of the Kingdom of Sweden, the Republic of Austria and the Republic of Finland (OJ No. C241) and 3378/94 (OJ No. L366) and 2061/96 (OJ No. L277) apply and should be consulted.

The Common Agricultural Policy (wine) Regulations, 1996, SI 1996/696 - the "principal Regulations" as amended by the Common Agricultural Policy (Wine) (Amendment) Regulations, 1997, SI 1997/542. These amending Regulations, which apply throughout the UK came into force on April 1, 1997. Together with the 1996 Regulations they provide for the enforcement of EC Regulations in the UK, concerned with the production and marketing of wine and related products.

The above regulations are published in Official Journals (OJ) of the European Communities. These are priced publications from:

The Stationery Office, The Publications Centre, PO Bos 276, London SW8 5DT
General enquiries: (+44) 171 873 0011
Telephone orders: (+44) 171 873 9090
Fax orders: (+44) 171 873 8200

There follows an overview of mandatory requirements required for the labeling of third country wines imported into the UK.

For third country wines with no geographical description the mandatory requirements are:

- The word "WINE" } or a combination of these terms
  } using "COUNTRY" (as an
- COUNTRY OF ORIGIN } adjective) "WINE"

- NAME AND HEAD OFFICE ADDRESS OF THE RESPONSIBLE PACKER

- LOT MARK

- NOMINAL VOLUME

- NAME AND HEAD OFFICE ADDRESS (INCLUDING MEMBER STATE) OF THE IMPORTER (If the wine is imported already prepackaged)

- ACTUAL ALCOHOLIC STRENGTH

For third country wines described by geographical origin the mandatory requirements are:

- COUNTRY OF ORIGIN

- GEOGRAPHICAL UNIT

- NAME AND HEAD OFFICE ADDRESS OF THE RESPONSIBLE PACKER

- LOT MARK

- NOMINAL VOLUME
- NAME AND HEAD OFFICE ADDRESS (INCLUDING MEMBER STATE) OF THE IMPORTER (If the wine is imported already prepackaged)

- ACTUAL ALCOHOLIC STRENGTH

NOTE: The following descriptions must NOT appear anywhere:

1. "Contains sulphates"
2. "Table Wine" - this term is not allowed on any wines coming in from outside the EU
3. "Surgeon General's Warning" - this is not a recognized authority in the EU

Further explanation of some terms given above:

Lot Marketing

The Food (Lot Marking) Regulations 1996, set out the lot marking requirements to be applied to all foodstuffs sold for human consumption (unless specifically exempted) including wines and spirits. These Regulations implement Council Directive 89/396/EEC (OJ No. L186) on indications and marks identifying the lot to which a foodstuff belongs, as amended by Council Directives 91/238/EEC (OJ No. L107) and 92/11/EEC (OJ No. L65).

In summary, this means that the producer and packer must apply to each unit making up a homogenous group - referred to as a "lot" - a mark identifying the lots from which that unit came. The lot mark may appear anywhere upon the package including the seal, however, it CANNOT appear on the cork. It must be indelible, clearly visible and (although the characters used may be of any size) intelligible to anyone. The mark can be of any length and can comprise of alpha and/or numeric characters. To avoid the forced opening of cases, outer cases should also carry the lot marks of their contents.

Nominal Volume

The nominal volume must be stated on the label and the minimum height of characters used is:

2mm - for containers holding 20cl or less
3mm - for containers holding 21cl - 1 liter
5mm - for containers holding more than 1 liter

The permitted packaging sizes for wine in the EU are:

Product Type	**Sizes Permitted**
Still wine not exceeding 15% vol	10cl, 25cl, 37.5cl, 50cl, 75cl, 1L, 1.5L, 2L, 3L, 5L, 6L, 9L, 10L
Still wine of over 15% vol	any size up to 10cl, 20 cl, 37.5cl, 50cl, 75cl, 1L, 3L, 5L
Sparkling and Aerated Sparkling Wines	12.5cl, 20cl, 37.5cl, 75cl, 1.5cl, 3L, 4.5L, 6L, 9L

Actual Alcoholic Strength

Alcoholic strength is expressed using the OIML (Organization International Metrologique Legale) notation representing the number of parts of alcohol in relation to parts of water in a given quantity measure at the reference temperature of 20 degrees Centigrade.

The strength so determined must be declared on every label either as “x% vol” or “Alcohol x% vol” to the nearest half percent volume i.e. 11% or 11.5% vol, NOT 11.2% vol. The minimum character height for this statement is the same as for nominal volume.

Further information on regulatory requirements can be obtained through:

Ministry of Agriculture, Fisheries and Food (MAFF)
Food and Drink Industry Division
Wines Branch - “C”, Room 201
Whitehall Place (East Block)
London WC1A 2HH
Tel: (+44) 171 270 8137/8929
Fax: (+44) 171 270 8733

Wine Standards Board of the Vintners’ Company
Five Kings House
1 Queen Street Place
London EC4R 1QS
Tel: (+44) 171 236 9512
Fax: (+44) 171 236 7908

Taxes

In addition to tariff (import) duty, U.S. wine is subject to excise duty and a Value Added Tax (VAT).

Excise duty is payable upon entry into the domestic market. This duty forms the largest tax burden put onto the price of wine. The UK rates of excise duty applied to wine are:

Date of enforcement	Not exceeding 15% Vol	15-18% Vol	18-22% Vol	Sparkling	>5.5%<8.5% Vol
01.01.98	144.65	192.86	192.86	206.66	201.50
01.01.99	149.28	199.03	199.03	213.27	* 161.20

* - Enforced from March 17, 1999

Source: HM Customs and Excise,
Portcullis House
27 Victoria Avenue
Southend on Sea
Essex SS2 6AL
Tel: +(44) 1702 367330/361979
Fax: +4(44) 1702 367253/361975

Value Added Tax (VAT) is applied ad valorem on the landed price (CIF) on arrival at the EU frontier plus all duties. The current rate of VAT is 17.5%.